



July 26, 2005

Via E-Filing

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

Re: Docket No. AB-878; Pioneer Industrial Railway Co. – Adverse Discontinuance

Dear Mr. Williams:

This is in response to a letter dated July 25, 2005 filed by Pioneer Industrial Railway ("PIRY") concerning a conversation between Daniel LaKemper, counsel for PIRY, and Michael Payette, Assistant Vice President – Union Pacific Railroad Company. PIRY did not provide UP with a copy of this letter, and we only became aware of it this afternoon.

PIRY's letter does not accurately characterize Union Pacific's position or the substance of the conversation between Messrs. LaKemper and Payette.

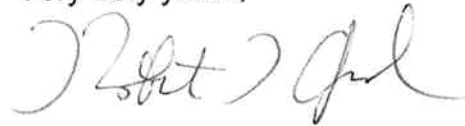
1. UP does NOT favor "the status quo at Pioneer Park (with PIRY providing service via the Kellar Branch and TZPR)". UP takes no position as to whether PIRY should continue to serve Pioneer Park via the Kellar Branch and TZPR.
2. Mr. Payette did NOT say that "UP does not have to provide service to the proposed interchange with the former UP spur to Pioneer Park...and UP does not intend to provide any such service." What Mr. Payette said is that UP had no obligation to provide service to Pioneer Industrial Park (on the Kellar Branch), not the interchange. This was in response to Mr. LaKemper's suggestion that UP might somehow be compelled to provide service over City owned track to the industrial park if PIRY could no longer serve it.
3. UP is, in fact, willing to provide service to the "proposed interchange with the former UP spur to Pioneer Park" (Pioneer Junction), consistent with the agreement made between UP and the City of Peoria when the City purchased the line.

Robert T. Opal
General Commerce Counsel

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4. Mr. LaKemper is correct that UP is not willing to "grant trackage rights for cars destined to Pioneer Park." Our agreement with the City of Peoria provides for interchange of traffic between UP and the City's operator at Pioneer Junction, not a grant of trackage rights to the operator over UP's main line.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Robert Opal", written in a cursive style.

Robert T. Opal
General Commerce Counsel
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E-Mail: rtopal@up.com

cc: Persons shown on certificate of service

CERTIFICATE OF SERVICE

I certify that I have served a copy of the foregoing document by First Class

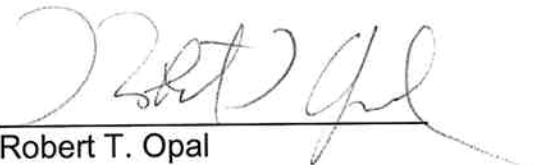
United States Mail on the persons listed below:

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Dated at Omaha, NE this 26th day of July, 2005.



Robert T. Opal